

Justification for Allocation of Future Reserves

Stonewall EP State Com #1, F-30-205-28E, Eddy Co, N.Mex

Burton Flats Morrow, p/ls 11054-11258 KB

BHP on 11/6/78 = 2277 pig $P_1/2_1 = \frac{2290.2}{0.862} = 2656.8$ pna

BHP on 8/31/81 = 690 pig $P_2/2_2 = \frac{703.2}{.940} = 748.1$ pna

BHP at abandonment = 275 pig $P_a/2_a = \frac{288.2}{.9785} = 292.5$ pna

Cum. prod from 11/6/78 to 8/31/81 = 501310 mcf + 884 BO

9-4-81 Remaining Reserves = $\frac{748.1 - 292.5}{2656.8 - 748.1} \times 501310 \text{ mcf} = 119660 \text{ mcf}$

and $\frac{1}{2} \left(\frac{119660}{501310} \times 884 \right) = 105 \text{ BO}$

No. Burton Flats Wolfcamp, p/ls 8880-8908 KB

6-22-78 Remaining Reserves: 105270 mcf + 3106 BO

7-31-78 new production til SF. 757 mcf 0 BO

9-4-81 Remaining Reserves 104513 mcf + 3106 BO

Allocation of Future Production:

Burton Flats Morrow; Gas - 119660 mcf = 53% Oil - 105 BO = 3%

No. Burton Flats Wolfcamp: 104513 mcf = 47% 3106 BO = 97%

Reserves Total 224173 3211

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9-4-81